

VZCZCXYZ0028
OO RUEHWEB

DE RUEHSO #0466/01 1231856
ZNR UUUUU ZZH
O 031856Z MAY 06
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4972
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 6115
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 7058
RUCPDOG/USDOC WASHDC 2407

UNCLAS SAO PAULO 000466

SIPDIS

SIPDIS

STATE INR/R/MR; IIP/R/MR; WHA/PD

DEPT PASS USTR

USDOC 4322/MAC/OLAC/JAFEE

E.O. 12958: N/A

TAGS: [KMDR](#) [OPRC](#) [OIIP](#) [ETRD](#) [BR](#)

SUBJECT: Media reaction: Bolivia; Sao Paulo

"Bolivia and Reelection"

Op-ed in Folha de S. Paulo (5/3) says: "Some opposition politicians...said that this [crisis with Bolivia] would be [President] Lula's 'blackout'. Not so fast.... It is not clear if and when gas prices will be raised. Bolivia has no one to sell its product to... In the midst of the problem, Lula has a great chance to make something positive in the foreign policy arena after years of much fanfare and few results. If the PT leader finds a reasonable way out of this episode he may win yet another argument for his reelection campaign. We'll see."

"He even has the right to make a mistake"

Article by Clovis Rossi in liberal Folha de S.Paulo (5/30) states: "During his [presidential] campaign Evo Morales promised to nationalize all natural resources. Voters believed his promise, which led to his victory. That's how democracy works. Too bad that some of those who call themselves democrats only like those who fulfill the promises that please them.... It is also does not make sense to attack [Brazil's Oil Company] Petrobras for having invested in Bolivia...Didn't the liberal creed say Brazilian companies should invest to compete in the global market?...Petrobras did so...the only problem was that the natural gas business was profitable for the companies, but it did not help to diminish the extreme misery of the majority [of Bolivians], a factor that became a fuel for the popular mobilizations that took down a series of administrations and led Evo Morales to power. Now, he tries to improve the life of his people by putting natural gas in the hands of the State. Past experience shows this is not the best path to take, but he is entitled to try it."

"Delirious and Futile Diplomacy"

Columnist Elio Gaspari says in liberal Folha de S. Paulo (5/3): "[President] Lula... orchestrates a foreign policy which is futile in its method, exhibitionist in its ritual and of disastrous results.... Brazil distanced itself from those it should have moved close to (Argentina and Chile), and got close to those it should have distanced itself from (Venezuela and Cuba). Lula threw away the chance to have a politically relevant role in international negotiations...when Argentina was left to fight alone for the restructuring of its external debt.... While "our guide" believes he is redesigning the world's geopolitical map, Mercosul is sinking thanks to a web of bilateral accords weaved by the commercial diplomacy of the U.S. [Lula was] charmed by the foreign policy of big contractors and ratified an irresponsible act of dependency on the Bolivian natural gas."

"From ALCA ro ALBA"

Trade specialist Marcos Sawaya Jank writes in center-right O Estado de S. Paulo (5/3): "Bolivia's nationalization of oil and gas will bring serious harm to Brazil and shows that populism and breaching contracts continues to be Latin America's 'easy way out' to avoid necessary reforms... The economy shows however that 'there is no free lunch'... Nationalization quickly turns into incompetent administration and unfettered political distribution of jobs. Cheap populism quickly leads to crises in production and investment, with accelerated inflation, slow growth and increases indebtedness... This hemisphere's current tendency is towards political and trade fragmentation... The FTAA [project] has been abandoned for two different integration models. On one side the USA, Chile and Mexico lead by signing FTAs that no longer follow geographical considerations... We [also] have the... ALBA, a project proposed by... Chavez... and Castro as an integration model focused on political-ideological alignments... The gap between these two models grows wider and puts an end to Lula's dream of creating a South American Community of Nations...It's time we reflect seriously about our foreign policy goals...."

"Only Planalto didn't see this coming"

Center-right O Estado de S.Paulo (5/3) editorializes: "Bolivian President Evo Morales' decision to nationalize the country's oil and gas production... was a lethal blow to President Lula's policy for Latin America... [and] brought to light [Lula's] abysmal alienation regarding the widely reported developments that led to this foretold crisis... The heart of the matter is [the Lula administration's] ignorance of regional realities, both past and present... For one of the poorest countries in the region, devastated by colonialism and imperialism... controlling its mineral resources is... a national matter and a symbol of the demand for social justice... It was a inevitable that Morales would do what he did... [and] it was also inevitable that Brazil has at this critical juncture a president without political-diplomatic understanding and a Foreign Ministry driven by delusory ambitions...."

"When diplomacy gets mixed with ideology"

Business columnist Cristiano Romero writes today in business-oriented Valor Economico (5/3): "The boisterous oil nationalization announced by Bolivian President Evo Morales cruelly exposed, with the ideological nature of the Workers Party's (PT) foreign policy... The Lula administration acknowledged that it was caught unawares, which was obvious from the cabinet meeting that took most of the day yesterday [to discuss this issue]... Last week, Itamaraty Secretary General Samuel Pinheiro Guimarães went to La Paz to deal with this issue. 'Either he misunderstood everything he saw in Bolivia or they fooled him, or he ignored what was about to happen because of ideology and hemispheric solidarity,' says the experienced Ambassador Rubens Barbosa [who was President Cardoso's envoy to Washington]."

"Bolivia opens diplomatic crisis with Brazil"

Business-oriented Valor Economico editorializes (5/3): "The Bolivian government's attitude could be called anything but unexpected. Morales and his ministers had been stepping up their hostile tone for weeks, with a visible change of attitude towards dialoguing with Brazilian envoys... [The ideologues in the Lula administration did not expect such a hostile attitude from Evo Morales, whom they supported in the elections... Bolivia could be hit hardest by its own actions... Brazil consumes 85% of all Bolivian gas and there is no other equally important market to replace it... The best way to reach an agreement is to place strong direct pressure on Bolivia. Ideological affinities once cradled hopes for a productive relationship between the two countries, but are meaningless now. Chavez's mediation could have some effect, but its diplomatic cost tends to be heavy for Brazil...."

McMullen